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# Promoting U.S. National Security Interests in Southeast Asia

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## U.S. INTERESTS

The United States has a variety of important national interests in Southeast Asia, the area comprising Indochina, Burma, Thailand, Indochina (Cambodia, Laos, and Vietnam) and the insular republics of Malaysia, Singapore, Brunei, Philippines, and Indonesia. None of these regional interests is critical to the security of the United States. Nevertheless, given the proximity of this region to China and Japan, and given its importance to the American economy, our interests in the area demand increased attention from the policy makers charged with safeguarding our national security.

From a global strategic point of view it is in the United States' long-term interest to promote an expanding community of prosperous Southeast Asian nations that is

- growing economically and open to free trade and investment,
- politically stable,
- at peace within the region and able to protect its territory from a regional hegemon, and
- committed to the cooperative solution of global problems,

Such a community could strike a regional balance of power with China and Japan and help the United States project offensive military power in the region in response to a threat.

America's most important interest in Southeast Asia is economic. With a half-trillion-dollar economy in 1996, the region has surpassed South America, the Middle East, and the former Soviet bloc in importance as a U.S. trading partner. Despite the financial collapse of 1997-98, the modernizing countries of this region (Thailand, Malaysia, Singapore, and, to a lesser extent, Indonesia, and the Philippines) still have the economic assets (hardworking, educated labor, favorable investment climate, physical infrastructure, productive technologies) to remain important economic partners of the United States. We should help the governments in

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the region weather the current crisis, using our leverage to improve the accountability and transparency of their financial systems to avoid a recurrence. We should also re-invigorate our efforts to open Asian markets to U.S. traders and investors.

A related U.S. concern is political stability, which is currently threatened (particularly in Indonesia) by the unemployment and rising prices precipitated by the economic crisis. It is in America's interest to help preserve political and social stability in the modernizing countries, while encouraging them to promote open, transparent political systems conducive of broad-based political participation. At the same time, the United States should become more constructively engaged with the repressive regimes of Vietnam, Laos, Cambodia, and Burma, encouraging their political evolution to participative polities that will eventually see it in their own interest to promote their integration with the rest of the region. A final element of regional political stability is the peaceful resolution of international border disputes, such as conflicting claims to the Spratly Islands in the South China Sea.

The third realm of important U.S. interests in the region is protecting America's ability to project military power throughout the Pacific. Although the modernizing countries of Southeast Asia have become less concerned with their territorial security since the end of the Cold War, they are well aware of the degree to which they benefited from the American security umbrella in the Pacific during the 1970's and 1980's. Because of long-seated resentment of Japan and fear of China, many Southeast Asian nations see it as in their own interests to promote military cooperation with the United States. In this receptive environment, we should be able to ensure open sea lanes for both commercial and military vessels as well as access to bases in the region, even as the growing nations of this region assume increasing responsibility for their own security.

Although the U.S. has other interests in the region (for example, promotion of human rights, population control, and containment of transnational threats such as drug and international criminal activity), they are of secondary importance. The United States lacks the influence to significantly address these problems in the Indochinese states, and amelioration of these problems throughout the region is largely dependent on success in achieving economic and political development.

## THREATS AND OPPORTUNITIES

Southeast Asia's recent financial collapse poses a significant threat to regional stability and a minor threat to the U.S. economy. Failure to recover would result in severe inflation and unemployment and could result in widespread political and social instability spilling across national boundaries, due to the ethnic and cultural makeup of the region. A particular danger is a widespread backlash against the ethnic Chinese minorities that dominate commerce throughout the region. A Chinese diaspora from neighboring countries could easily overwhelm Singapore, for example. Furthermore, recovery of the region is a precondition to development of markets capable of stimulating growth in the U.S. economy.

The current program of International Monetary Fund and World Bank conditional loans provides an opportunity to press for necessary but painful market and structural reforms. When implemented, these reforms will enhance the likelihood of much-needed Western direct investment and hasten economic recovery. Reforms that create transparency in procurement and policy making, reduce state control of banking, and liberalize trade and investment laws and regulations should provide equal access to Southeast Asian markets and could lead ultimately to more permanent structural changes in authoritarian regimes.

The existing propensity in the region to cooperate economically favors achievement of U S economic interests Thailand, Malaysia, Singapore, Brunei, Indonesia, and Philippines have formed the Association of Southeast Asian Nations (ASEAN) and have begun the process of incorporating Vietnam and Cambodia And the more recently created Asia-Pacific Economic Council (APEC), which includes the United States, has established a goal of tariff elimination by the year 2020 Both organizations present opportunities for promoting the open economic regimes and regional integration that support U S interests

While the end of the Cold War has removed the major regional security threats from the U S perspective, there remain numerous flashpoints and an atmosphere of regional distrust that threaten our interests and the external security of states within the region China's uncertain adventurism, territorial disputes in the South China Sea, latent distrust of the Japanese, and our reduced military presence, along with a low level of U S participation in regional institutions, have created an uncertain security environment Competition for the vast potential mineral rights in the South China Sea has led to a scramble for territorial rights to the Spratly Islands, where five Southeast Asian nations have made claims to counter China This overall feeling of uncertainty has fueled a regional increase in Asian defense spending in recent years to compensate for a perceived declining U S commitment A regional self-defense capability is important to protecting the movement of shipping through the Sunda, Malacca, Lombok or Makassar straits, any interdiction of the sea lanes would have a direct and almost immediate disruption on regional and global economies Any such disruption would quickly overwhelming excess shipping capacity, increasing costs and reducing the flow of goods worldwide, damaging the viability of U S trading partners

While the countries closest to the straits would be the first and hardest hit, our national economic interests dictate that the United States retain the capability to serve as a deterrent to any actions threatening to inhibit the freedom of the sea lines of communication (SLOCs). Through building a consensus in regional and global fora that the SLOCs are vital to the health of the global economy, the U S can argue for burden sharing in maintaining their viability. Regional self-defense capability would also be enhanced by increasing U S access to sea ports and bases, military exchanges and training, bilateral exercises, and military equipment sale. This would strengthen regional confidence in the U S commitment and enhance our force-projection capabilities. However, our priority should be to shape the security environment by high-level participation in regional institutions such as the Asian Regional Forum (ARF) to promote multilateral security cooperation. We should seek to diffuse Southeast Asian security concerns regarding Japan's potential military role by maintaining our forward presence under existing security agreements.

While these external threats to stability may be manageable by the countries of the region through international fora, the economic, social and political problems internal to states may be more problematic. The most economically advanced countries of the region (Singapore, Malaysia, Thailand) will inevitably face demands from their middle classes for more transparent and pluralistic government, and they will be able to manage that transition on their own. The Philippines, Indonesia, and Cambodia must, in addition, dismantle their systems of crony capitalism and finish building modern economic and political institutions. These countries are much more open to American influence in this process, and we should take advantage of this opportunity. The third group – the authoritarian states of Burma, Vietnam, and Laos – will inevitably face liberalization of their political systems and loosening of social control (and the

resulting instability) if they make a commitment participating in the regional economy. But until that happens, there is little that the United States can do beyond making it easier for U.S. companies to trade with and invest in these countries as a first step in constructive engagement.

The key transnational issue in the region are narcotrafficking (especially in Burma, Thailand and Laos), international crime, and environmental degradation. The U.S. must increase bilateral agreements, continue diplomacy and foster acceptable changes that can lead to increased legal economies and a more prosperous future. Seeking regional solutions to environmental degradation policies that denude forests and create excessive runoff and erosion must become part of our regional involvement.

## POLICY RECOMMENDATIONS

### 1 Develop Southeast Asia's Potential as a Market for U.S. Products

The Southeast Asian market is important to the U.S. economy, as a source of inexpensive imports, as a growing market for U.S. exports, and as a home for U.S. overseas investment. At home, the USG must take measures to improve its institutional capability to market abroad. In Southeast Asia, we need to pursue regional and bilateral policies designed to reduce barriers to trade and foster economies/societies capable of absorbing higher U.S. exports under conditions advantageous to our own economy.

We should reduce the possibility of a future Japan-centered trade bloc within ASEAN by increasing our participation in international fora like the APEC. This strengthens our position to influence future economic and political change and demonstrates a genuine commitment to the region that is important to Southeast Asian nations nervous about the looming might of a resurgent China.



Fostering the Southeast Asian economies as more viable partners for the U S is an equally vital, but more complicated and long-term, task. Widespread corruption, crony capitalism, unsound banking practices, and lack of transparency in public procurement and policy-making have resulted in an unequal playing field for U S producers in a number of the largest countries in the region. The U S must maintain steady, high-level pressure (bilaterally as well as through the world trade organization systems) on governments whose business practices hinder the growth of equitably-distributed national purchasing power and thus the development of a consumer class attracted by U S imports. The recent economic crash unmasked serious structural deficiencies in a number of large countries – including Indonesia and Thailand – that these nations must address, the sooner the better. Economies characterized by inflated public sectors, high budget deficits, inflation, and unemployment offer limited opportunities to prospective U S investors and exporters. In particular, the U S should not miss the opportunity offered by the economic crisis to use its IMF/World Bank clout to push reluctant but newly more receptive governments to meet the IFIs' structural criteria. This will not increase the popularity of the U S in the region, and we should be prepared to weather a period of strained bilateral relations with the more reluctant reformers.

As for the social and political roots of slow or inequitable economic development in Southeast Asia, the U S should continue to press the point that excessive population growth, lack of educational opportunities, and ethnic discrimination should be primary concerns of governments seeking to develop national potential (and, of course, potential as a U S trading partner). We should promote development of APEC as a channel for conveying our concerns regarding structural, economic, and social deficiencies.

## 2     Strengthen Regional Security and Stability

In the short- and medium-terms, the U S will probably not need to react to a military conflict in the region. With the exception of persistent low-grade border disputes, the security situation is fairly stable, and the U.S. presence is sufficient to maintain a watching brief. The U S should, however, not reduce its military presence any further and must continue to be a visible power from the Philippines to Burma. Given China's as-yet unclear intentions in the area, and the positive role the U S plays as a purveyor of regional stability and confidence (vis-à-vis apprehensions concerning Japan as well as China), this is a prudent and cost-effective activity. To support that presence, the U S should exploit all possibilities for adding to current access agreements with countries along sea routes vital for military transit and trade.

Although multilateral cooperation and coordination do not come easily to the countries in Southeast Asia, these are important ingredients in security and stability and should receive strong U S encouragement. ASEAN has had some success in mitigating regional contentions and engaging touchy governments, but its potential as a forum for such collective tasks as crisis prevention/ management or putting a brake on an arms race has yet to be explored. The same is true for the ARF, which could play a crucial role in drafting and implementing regional confidence-building measures. The ARF may be the best venue for working out regional disputes such as the quarrel over the Spratly Islands.

The development of professional militaries firmly under civilian control is good for the stability of the region and in the U S interest. Adequate funding for IMET programs deserves support, so does expansion of the bilateral military exercise regime. Despite general Southern Asian reluctance, this last should be expanded to multilateral exercises whenever possible as a means of promoting regional cooperation.

### 3 Promote Political Development

Operating through its USAID programs, the USG should increase funding for democracy building and improved governance in the Philippines, Indonesia, and Cambodia. Emphasis should be on improving transparency of government, diffusing power and responsibility from central governments to local governments, nongovernmental organizations and the private sector, strengthening the rule of law, and promoting independent media. When the opportunity presents itself, we should be prepared to commence similar programs in Vietnam, Laos, and Burma.

#### 4 Counter Transnational Threats

Given the poor to fair standards of human rights observance usual in the countries in the region, the United States has an abiding responsibility to encourage better adherence to international human rights standards. However, our leverage in Southeast Asia is limited, especially in the more egregious offenders, such as Burma, Vietnam, and Laos. Improvements among the lesser offenders are probably more dependent on rising economic prosperity than exhortations from the U.S. Using economic measures to pressure Asian governments into better observance of human rights standards is most likely counterproductive in the area at this time.

The ever-growing drug traffic in the mainland countries, and its attendant ills of government corruption and economic dependency, is a very serious impediment to our economic and development goals in the region. We have little to show for two decades of counter-drug effort and, again, limited prospect of curbing a trade so thoroughly entrenched in the local infrastructures. The same is true of crime; only joint regional action is likely to contain this growing problem and that type of effective regional coordination lies far in the future.

The major global environmental problem is deforestation and its resulting impact on global warming. The major players here are Thailand and Malaysia, both of which have major hardwood processing industries, and both of which are engaged in systematic clear-cutting of

old-growth hardwood forests in neighboring Southeast Asian countries. Both Thailand and Malaysia are susceptible to pressure in international environmental fora, as both have stakes in increased international economic interdependence.

In the long run, all the countries of Southeast Asia will cooperate in solving transnational problems only if they come to believe they have a stake in good citizenship in a larger community.

## CONCLUSION

Southeast Asia may be considered a region of secondary interest to the United States. It is not as critical to U.S. national security as Europe, East Asia, or the Middle East. But, given its growing economic might and its proximity to China, it is worthy of more attention than Latin America, South Asia, or Sub-Saharan Africa. We should devote considerable energy to continuing to tie our economy to those of the region and to help these countries continue to develop into modern, democratic polities that look to us for example. Our military presence in the region should not be diminished. We must accept increasing independence from the United States. At the same time, we can look to a growing ASEAN community to participate with the United States and Japan in a Pacific regional balance of power that can check the hegemony of a resurgent, but perhaps internally unstable, China.